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RUEHDR/AMEMBASSY DAR ES SALAAM 4440  
RUEHIL/AMEMBASSY ISLAMABAD 3832  
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RUEHRB/AMEMBASSY RABAT 4725  
RUEHYN/AMEMBASSY SANAA 7022  
RUEHTV/AMEMBASSY TEL AVIV 4253  
RUEHTU/AMEMBASSY TUNIS 0055  
RUEHCL/AMCONSUL CASABLANCA 1606  
RUEHDE/AMCONSUL DUBAI 7591  
RUEHJI/AMCONSUL JEDDAH 5181  
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C O N F I D E N T I A L SECTION 01 OF 03 STATE 052635

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SUBJECT: ENGAGING GULF STATES ON FOREIGN ASSISTANCE

Classified By: NEA/ARP Director Andrew Steinfeld, reasons 1.4 (b), (d)

¶1. (C) This is an action request; please see paragraphs four and five.

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Summary  
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¶2. (C) Over the past several years, Saudi Arabia, Kuwait, the UAE, and Qatar (hereafter referred to as the G-4) have significantly increased foreign assistance to a wide range of countries in the greater Middle East and beyond -- a trend that likely will accelerate, given high oil prices, their continuing accumulation of vast wealth, and their own geo-strategic priorities. With rare exceptions, U.S. discussions with the G-4 on foreign assistance have been ad hoc, sporadic, and crisis-driven, rather than focused on long-term, strategic objectives. The Department is assessing the possibilities and prospects for organizing more strategic and structured bilateral foreign assistance dialogues with the G-4 states. Unlike previous initiatives in this area, however, we are not contemplating a "tin cup" exercise that would ask the Gulf states to help foot the bill for U.S. priorities; instead, the purposes of this new set of dialogues would be to: (1) identify a set of foreign policy-priority countries where the U.S. and the G-4 have common objectives in ensuring their long-term stability and success; and (2) better align our current programs and funding toward these objectives through more effective and regular coordination. As a first step in determining the value and feasibility of such a dialogue and how it might be structured, the Department would appreciate Posts' assessment of host government foreign aid policies, programs, and aid flows from their respective vantage points. End summary.

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Background  
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¶3. (C) The U.S. lacks comprehensive, accurate, and reliable data on public aid flows from Saudi Arabia, UAE, Qatar, and Kuwait. Based on the information we have available, in

2006-2007 Saudi Arabia, UAE, Qatar, and Kuwait pledged approximately \$5 billion in foreign aid to 25 or so countries. The information is spotty on how much pledged aid has been dispersed as well as on the form (budget support vs. project-related), mix (loans vs. grants), and modalities (bilateral versus multilateral) for the assistance that was provided. According to a variety of press reports, during this two-year period:

-- Saudi Arabia gave roughly \$2 billion in aid and the primary recipients were Lebanon, Jordan, the Palestinian Authority, Afghanistan, Egypt, Yemen, Tanzania (Zanzibar), and Sri Lanka. In addition, Saudi Arabia pledged \$1.1 billion at the Paris III conference for Lebanon early last year.

-- Kuwait committed close to \$1 billion in bilateral loans and grants to almost 20 countries, including Egypt, Lebanon, Pakistan, Morocco, Tunisia, and 15 other countries in sub-Saharan Africa and in south, central, and southeast Asia.

-- The UAE disbursed almost \$1 billion and pledged another \$300 million for the Palestinians at the Paris conference. In addition to the Palestinian Authority, the primary recipients of UAE aid during this period were Yemen, Afghanistan, Morocco, Syria, Djibouti, Jordan, and Lebanon.

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-- (U) Qatar since 2006 has pledged money to help the Palestinian Authority (via the Arab League), Lebanon (\$300 million from Stockholm reconstruction conference in 2006), Yemen (\$500 million from the Donors conference in November 2006), Sudan (at least \$2 million in 2007). Press reporting also indicates Qatar was planning to provide financial assistance to Eritrea as well. In 2005 Qatar pledged \$100 million in assistance to areas in the United States affected by Hurricane Katrina. Approximately \$70 million has already been disbursed.

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Action request  
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14. (C) Drawing on the information in paragraphs two and three above and without approaching host governments and institutions, Department requests that posts take stock of the host country's foreign aid programs and multilateral institutions (including Islamic Development Bank and Arab Fund for Social and Economic Development) and assess its willingness to collaborate more closely with the United States to advance shared long-term priorities in countries of mutual interest. Provided below are a number of questions for which input would be useful in further developing the Department's thinking:

-- What are the trends in government-to-government assistance by the G-4 countries, and how have those trends changed with the rise of oil prices and the corresponding infusion of petrodollars? Do we have any discernible data we can analyze over the last five years?

-- How does the host country prioritize among sectors and regions in allocating development assistance, and what are the main drivers of their respective assistance strategies?

-- What is the breakdown between aid allocated bilaterally and through multilateral institutions, and what are the main modalities for aid delivery (tied versus untied, budget support versus project-related, loans versus grants, etc.)

-- Following up on recent statements by World Bank President Robert Zoellick, is there any evidence to suggest that the G-4 states have used or plan to use their sovereign wealth funds to promote development in recipient states (for instance through better delivery of social services or

strengthening of governing institutions)?

-- Are there other nontraditional forms of "aid" such as oil subsidies or debt relief that predominate among the types of foreign assistance provided by the G-4?

-- How much humanitarian assistance do the G-4 states provide, what form does this aid take, and how is it delivered?

-- To what extent are the G-4 states demanding results/accountability from the main recipients of their aid?

-- How much of the aid tends to be pledged versus actually disbursed? Through what mechanisms/agencies/ministries is it commonly disbursed?

-- Is there any evidence of regional coordination among the Gulf states on foreign aid issues?

-- Would the Gulf states have any interest in a closer association with the DAC (OECD Development Assistance Committee) or with any other major international fora for discussion of foreign aid?

-- Would any of the G-4 states see value in improving foreign aid coordination with the United States -- and possibly each

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other -- through intensified dialogue? If so, at what level, in what format/venue, and on what timelines?

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Reporting deadline and points of contact  
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15. (C) Department requests that embassies submit their responses by June 9. Further guidance will follow once these reactions have been evaluated and a specific road map for engaging the Gulf states on foreign aid issues, if deemed appropriate, has been charted. For additional information, posts should contact Policy Planning Staff Mara Tchalakov (202-647-3867, tchalakovdk@state.gov) or Richard Sokolsky (202-647-2457, sokolskyrd2@state.gov).

RICE